

Message Text

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PAGE 01 STATE 184540

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ORIGIN ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 L-03 OMB-01 AID-20

INT-08 CIEP-02 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01

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DRAFTED BY ARA/NC:ESLITTLE:NLF

APPROVED BY ARA/NC:ESLITTLE

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R 172120Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA

C O N F I D E N T I A L STATE 184540

E.O. 11652: GDS

TAGS: EMIN, CO

SUBJECT: INTERNATIONAL MINING COMPANY

REF: STATE 173416

1. IN TELEPHONE CONVERSATION SEPTEMBER 14 WITH LITTLE, O'NEILL EXPRESSED OPTIMISM RESPECTING PROSPECTS FOR RESOLUTION IMCO PROBLEMS IN COLOMBIA. INTERMEDIARY HAS PRESENTED NEW PROPOSAL TO GOC WHICH COMPANY WOULD ACCEPT AND WHICH PASTRANA IS NOW STUDYING.

2. O'NEILL OPENED CONVERSATION BY SAYING THAT "SOME PROGRESS" IS BEING MADE AND ASCRIBED AT LEAST PART OF THE CREDIT TO AMBASSADOR BOTERO IN WASHINGTON AND TO COLOMBIAN AMBASSADOR IN OTTAWA, BOTH OF WHOM HAVE EXPRESSED TO PASTRANA AND KEY MINISTERS OPPOSITION TO EXPROPRIATION. JORGE MEJIA SALAZAR, PRESIDENT OF BANK OF BOGOTA, HAS BEEN ACTING AS LEADER OF AN INTERESTED PRIVATE GROUP AND A INTERMEDIARY WITH GOC. PRIETO, PRESIDENT OF ANDI, HAS ALSO BEEN ACTIVE. MEJIA PRESENTED A NEW PROPOSAL LAST WEEK TO MINISTER OF MINES WHO, IN TURN, HAS DISCUSSED IT WITH PASTRANA, WHO IS CONSIDERING IT. MEANWHILE, MEJIA IS
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PAGE 02 STATE 184540

TRAVELING OUT OF COLOMBIA AND, ACCORDING TO O'NEILL, WILL

DISCUSS THE SPECIFICS OF THE PROPOSAL FURTHER WITH IMCO OFFICIALS IN NEW YORK IN A WEEK OR TEN DAYS.

3. O'NEILL SAID THAT THE PROPOSAL PRESENTED TO GOC WITH RESPECT TO CHOCO AND FRONTINO WAS THE SAME AS THAT PREVIOUSLY DISCUSSED. SPECIFICALLY, GOC WOULD ASSUME A 51 PERCENT INTEREST AND IMCO, IN RETURN, WILL GET ACCESS TO ALL PROPERTIES NEEDED FOR FURTHER MINING OPERATIONS AS WELL AS BEING ACCORDED FULL REMITTANCE OF PROFITS. THE PLAN ALSO INCLUDES A PROPOSAL RESPECTING PATO, WHICH IS THE NEW ELEMENT. THE GOVERNMENT, ACCORDING TO THIS ARRANGEMENT, WOULD PRESENT TO THE CONGRESS OR THROUGH SPECIFIC CONGRESSMEN, A BILL WHICH WOULD BE IN LIEU OF THE PENDING LEGISLATION RESPECTING EXPROPRIATION OR AS AN AMENDMENT TO IT, AUTHORIZING THE GOVERNMENT TO NEGOTIATE WITH THE COMPANIES FOR "EVENTUAL NATIONALIZATION". ACCORDING TO THIS PLAN, THE GOVERNMENT WOULD GET 20 PERCENT OF PATO; THE PRIVATE GROUP WOULD ASSUME 40 PERCENT OF CONTROL, LEAVING 40 PERCENT TO IMCO. IN EXCHANGE FOR ITS 20 PERCENT SHARE, THE GOVERNMENT WOULD MAKE AVAILABLE ADDITIONAL AREAS NEEDED FOR MINING OPERATIONS AND WOULD MAKE FAVORABLE ARRANGEMENTS REGARDING REMITTANCE OF PROFITS. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE184540
Document Source: CORE
Document Unique ID: 00
Drafter: ESLITTLE:NLF
Enclosure: n/a
Executive Order: GS LITTLE
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730929/aaaaavgh.tel
Line Count: 86
Locator: TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 173416
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 17 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Jan-2002 by martinjw>; APPROVED <01 MAR 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERNATIONAL MINING COMPANY
TAGS: EMIN, CO
To: BOGOTA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005